

## Message Text

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ORIGIN NEA-11

INFO OCT-01 ISO-00 TRSE-00 HA-05 PM-05 NSC-05 SP-02  
SS-15 CIAE-00 INR-10 NSAE-00 L-03 MCE-00 AID-05  
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FM SECSTATE WASHDC  
TO AMEMBASSY AMMAN  
INFO AMEMBASSY JIDDA  
SECDEF WASHDC 0502

C O N F I D E N T I A L STATE 151649

CORRECTED COPY (LINE 1 PARA 6 OMITTED)

.O. 11652: GDS

TAGS: MASS, JO, US, SA

SUBJECT: JORDAN'S FY 77 FMS FINANCING

REF: A) AMMAN 4122, B) AMMAN 3168, C) AMMAN 1351  
D) JIDDA 803, E ) AMMAN 4587, F) JIDDA 1167  
G) STATE 140098

1. PLEASE INFORM THE APPROPRIATE GOJ OFFICIALS THAT  
DEPARTMENTS OF STATE, TREASURY AND DEFENSE ARE PREPARED TO  
AMEND THE FY 77 FMS FINANCING AGREEMENT WITH JORDAN (LOAN  
GOJ SIGNED WITH THE FEDERAL FINANCING BANK ON SEP 30,  
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1977) TO DELETE THE REQUIREMENT FOR A THIRD PARTY GUARANTOR  
AND TO RELEASE THE FULL FY 77 FMS FINANCING OF DOLS 75 MIL-  
LION. WE ARE RELEASING THE ENTIRE DOLS 75 MILLION ON THE  
CONDITION THAT THE GOJ DRAWDOWN ONLY UP TO DOLS 33.6 MIL-  
LION AT THIS TIME. (DOLS 150 MILLION SAG HAS AGREED TO PAY  
GOJ LESS DOLS 18 MILLION ALREADY PAID TO GOJ LESS DOLS  
34.04 MILLION OF PRINCIPAL AND INTEREST DUE ON FY 75 LOAN,

LESS DOLS 68.75 MILLION DUE ON FY 76 LOAN, PLUS DOLS 4.42 MILLION BALANCE OF DOLS 9 MILLION SAG PAYMENT TO JORDANIAN CENTRAL BANK ON 5/1/78.) WE ARE INCLUDING IN THIS CALCULATION FUTURE INTEREST PAYMENTS DUE FOR FY 75 FMS FINANCING. SAG HAS PAID THESE INTEREST PAYMENTS IN PAST AND WE HAVE NOT RECEIVED GOJ ASSURANCES THAT IT PLANS TO PAY THE INTEREST FROM ITS OWN RESOURCES RATHER THAN FROM THE DOLS 150 MILLION. IF THE GOJ INFORMS US IN WRITING THAT IT INTENDS TO PAY THE FY 75 FMS FINANCING REMAINING INTEREST DUE (APPROXIMATELY DOLS 7.6 MILLION) IN THE EVENT THE SAG DOESN'T PAY IT FROM FUNDS OUTSIDE THE DOLS 150 MILLION ALREADY PROMISED TO GOJ, WE WILL ADD THAT AMOUNT TO THE ALLOWABLE DRAWDOWNS FROM THE FY 77 LOAN.

2. EMBASSY AMMAN SHOULD INFORM THE GOJ THAT DOD WILL NOT ACCEPT JORDANIAN REQUESTS FOR DRAWDOWNS THAT WOULD EXCEED THE DOLS 33.6 MILLION. (IF SUCH REQUESTS ARE RECEIVED BY EMBASSY AMMAN THEY SHOULD BE REFUSED AT THE TIME THEY ARE RECEIVED IN AMMAN.) IF AT A LATER DATE THE GOJ IS ABLE TO COME UP WITH ASSURANCES OF GUARANTEED FUNDS FROM SAG OR OTHER DONORS TO COVER PART OR ALL OF THE REMAINING DOLS 41.4 MILLION OF THE TOTAL FY 77 DOLS 75 MILLION FMS FINANCING, WE WILL THEN RELEASE TO JORDAN THE CORRESPONDING PORTION OF THE FY 77 FMS FINANCING.

3. THE DELETION OF THE REQUIREMENT FOR A THIRD PARTY  
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GUARANTOR MEANS THAT THE GOJ IS SOLELY RPT SOLELY RESPONSIBLE FOR THE REPAYMENT OF THESE FUNDS. IF AT ANY TIME REPAYMENTS ARE OUTSTANDING, WE WILL SEEK REPAYMENT SOLELY FROM THE GOJ, AND WILL NOT APPROACH ANY THIRD PARTY DONOR OR GUARANTOR TO MAKE REPAYMENT ON JORDAN'S BEHALF.

4. IF THE GOJ AGREES TO THIS AMENDMENT, THE CONCOMITANT RESPONSIBILITIES THEY WILL BE INCURRING, AND THE RESTRICTION OF DRAWDOWNS UP TO DOLS 33.6 MILLION (UNTIL THE GOJ CAN ASSURE US THEY HAVE GUARANTEES OF FUNDS FOR REPAYMENT OF PART OR ALL THE REMAINING FY 77 FMS), YOU SHOULD REQUEST THAT THE GOJ AUTHORIZE AMBASSADOR SALAH OR OTHER INDIVIDUAL IN WASHINGTON TO SIGN AN AMENDMENT TO THE SEPT. 30, 1977 FFB LOAN AGREEMENT ON BEHALF OF THE GOJ WHICH DELETES THE REQUIREMENT FOR A THIRD COUNTRY GUARANTOR (SECTION 1.5 AND ANNEX III).

5. REGARDING POSSIBLE SEPARATE SAUDI FUNDING FOR FY 75 FMS FINANCING, YOU SHOULD POINT OUT TO THE GOJ THAT WE MUST CONTINUE TO BE GUIDED BY TEXT OF JAN. 25 SAUDI-JORDANIAN AGREEMENT AS WELL AS BY WHAT SAG HAS INFORMED US DIRECTLY ON TWO OCCASIONS (REF D AND F), I.E., THAT THE

DOLS 150 MILLION IS TO COVER PREVIOUS SAUDI GUARANTEED OBLIGATIONS, WHICH SAUDIS (MANSOURI) SAID WAS FY 75 AND FY 76 FMS ONLY, WITH BALANCE TO ASSIST FUTURE LOAN REPAYMENTS. UNTIL WE LEARN DIRECTLY FROM THE SAUDIS THAT THE FY 75 FMS FINANCING WILL BE FUNDED BY THEM SEPARATELY FROM THE DOLS 150 MILLION, WE MUST ASSUME REPAYMENTS FOR FY 75 FMS FINANCING WILL COME FROM THE DOLS 150 MILLION.

6. PLEASE INFORM GOJ OF ABOVE WITH PARTICULAR EMPHASIS ON RESPONSIBILITIES AND RESTRICTIONS MENTIONED AND REPORT GOJ REACTION.

7. AS YOU KNOW, BOTH OF THE FY 75 AND 76 FFB LOANS TO GOJ ARE GUARANTEED BY THE SAG. REGARDLESS OF THE FACT  
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THAT THE SAG HAS INFORMED THE GOJ THAT IT WILL PROVIDE DOLS 150 MILLION TO COVER ITS OBLIGATIONS, THE GUARANTEES OF THE TWO LOANS BY THE SAG ARE CONTRACTUAL OBLIGATIONS BETWEEN THE USG AND THE SAG AND THE USG CAN IF NECESSARY LOOK TO THE SAG FOR PAYMENT AS LONG AS THERE ARE OUTSTANDING PAYMENTS. IN ORDER TO FORESTALL POTENTIAL FUTURE POLITICAL PROBLEMS BETWEEN THE SAG AND THE USG, IT IS IS INCUMBENT UPON THE USG, TO THE BEST OF ITS ABILITY, TO SEE THAT THE DOLS 150 MILLION IS CONSERVED AND UTILIZED TO MEET PAYMENTS WHICH THE SAG HAS GUARANTEED.

8. YOU WERE INFORMED BY REF G THAT DOLS 1,765,315.23 OF PRINCIPAL PAYMENT ON FY 76 LOAN DUE MAY 26 IS STILL UNPAID. PROPOSED AMENDMENT WILL NOT BE COMPLETED AS LONG AS THERE IS AN ARREARAGE. CHRISTOPHER

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## Message Attributes

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